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Pakistan's Construction Sector Set to Rebound After Temporary 2025 Dip, Says Industry Report

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Pakistan's construction industry is projected to contract by 2.8 percent in real terms during 2025, primarily due to ongoing economic and political headwinds. However, a brighter horizon is forecasted from 2026 onwards, as strategic infrastructure initiatives and policy shifts are expected to drive an average annual growth rate of 4.6 percent through to 2029. The findings come from the latest industry report by ResearchAndMarkets.com, titled *Pakistan Construction Market Size, Trends, and Forecasts by Sector*.

Several factors have weighed heavily on the sector in 2025, including high inflation, rising energy costs, surging prices of building materials, and a depreciating Pakistani Rupee (PKR). Combined with restrained government development expenditure and political instability, these elements have dampened construction activity across both public and private sectors. The report highlights that subdued investor confidence and the burden of foreign and domestic debt are also impeding large-scale infrastructure developments. As a result, many commercial, industrial, and residential projects have experienced delays or have been temporarily shelved.

Despite the downturn, the report signals optimism for a mid-term recovery. The outlook between 2026 and 2029 anticipates a significant rebound, bolstered by strategic policy interventions and targeted foreign investment. Particular momentum is expected in infrastructure, energy and utilities, and residential construction. The planned increase in public-private partnerships, improvements in project financing mechanisms, and efforts to attract overseas Pakistani investors are all factors that could contribute to a more robust sectoral performance. Analysts argue that long-term macroeconomic stability will be key to unlocking the sector's true potential.



Pakistan's construction sector remains a critical engine for employment and economic growth. The report underlines the importance of fostering transparency, improving regulatory clarity, and facilitating easier access to financing for developers. While short-term challenges are daunting, the potential for sustained recovery is real if authorities are willing to implement bold reforms and stimulate targeted investment. As regional competition intensifies, now is the time for Pakistan to create a more investor-friendly environment, ensuring that the construction sector becomes a driver of resilient and inclusive economic progress.